



The Time to Plan Recovery is Now.

How Your Business can Effectively Recover from the COVID19 Disruption

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The scramble to both stop the community spread of COVID-19 (coronavirus) and mitigate its economic impacts continues to consume the attention of business leaders. Indeed, the very nature of this pandemic – it being a fluid, continuous emergency vs. a one-time event – demands extreme agility and creativity from executives. Yet as they debate the possibility of employees working from home and impacts on supply chains, they are losing valuable time to plan their recovery. Though businesses are currently in the response phase, it is not too early to start planning for the recovery phase.

Much remains unknown about the coronavirus and its economic impacts. Will transmission of the virus start to wane as flu season ends in the Northern Hemisphere? Will the recovery be a relatively short-term return to business-as-usual, or will the pandemic provoke a global recession? As the situation continues to evolve, and business continuity plans specific to prevention and response are increasingly deployed, it is vital that business leaders divert some attention now to how they will return to full capacity.

In the recent Operational Risk Management survey, conducted by DuPont Sustainable Solutions, it was discovered that executives are prioritizing immediate crisis management response and failing to prepare for long-term recovery. While 70 percent of business leaders are confident that their business disruption plan will protect them from the immediate effects of a major incident, 25 percent are unsure of its quality and 33 percent admit that there is a possibility that a single point of failure could bring the entire plan crashing down. This tells us that companies are not sufficiently prepared for impacts of the current pandemic .

This lack of preparedness may foretell their demise: according to the United States Federal Emergency Management Agency, more than 40% of businesses never reopen after a disaster, and for those that do, only 29% were still operating after two years.¹

How can your company recover from the coronavirus pandemic? →

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¹<https://www.forbes.com/sites/causeintegration/2014/09/04/will-your-business-recover-from-disaster/#10233c3a295c>

Take care of your people

For any operation, the most important resource is people; therefore, they should be the first priority. During the response phase, companies should establish a robust and frequent communications channel with all employees, one that includes a monitoring mechanism to understand whether the employees or their families have been infected or impacted by the virus. Consider remote or partially remote working environments with a portion of employees working in the office and the rest working from home. Businesses must be sensitive to employees' families and their safety and health. Be proactive and give frequent advice to families on how to best continue to protect themselves at home and in public to prevent recontamination. Most people get their health news from social media, a place very susceptible to rumor and misinformation. No employee can function properly if they are afraid for their family.

When planning for the Recovery phase, develop protocols that ensure that employees are healthy before returning to the office. And provide a safe, sanitary work environment when they return. All workstations and equipment should be sterilized to ensure that no further transmission is possible.

Establish a clear governance system

One of the first priorities for recovery planning is to have a clear governance model that prioritizes quick decision-making. This is particularly important for larger, more hierarchical companies with an abundance of processes. An Executive Recovery Committee (ERC) should be established for the corporation, one that cascades responsibility to regional and local organizing committees. Each should be given authority to take decisions at the local level related to personnel and

operating assets as needed. Be prepared for a phased recovery. Most likely, it will take time to return to full operations; that means you need to prepare to bring people and operations back up in a reasoned, planned, and structured way. Game out various scenarios and roadblocks to help prepare.

Run new risk assessments

Given the uncertainty inherent to this pandemic – transmissibility and seasonality, for example – it is critical that companies re-run any risk assessment that they have in place, using three different scenarios:

- 1-2 months of circulating virus and a short-term financial impact to your company
- More than 2 months of viral impact and a global economic slowdown
- A far-reaching pandemic and sustained global recession

The risk assessment should first focus on critical business operations—this especially includes people. The human, financial, technological and operational implications within each scenario should be fully understood. For example, within a food company, companies should ensure that full sterilization of all assets take place during the recovery, to proactively manage any concerns about product contamination. And they should be prepared to prove it, thus preempting public doubt or fear.

These are distinct from any impact assessments during the response phase, and thus should be run as a separate exercise.

Develop a realistic view of supply chain disruptions and customer implications

The pandemic has wreaked havoc on the supply chains of many companies. For example, Hyundai suspended production in

South Korea because of a shortage of parts manufactured in China, and that was before the coronavirus hit the country itself. Even Apple, which earns about a quarter of its operating income in China, temporarily closed its stores and assembly plants and faces supply chain problems as 290 of its 800 suppliers are based in China.² As more companies take measures to contain community spread, supply shortages will become more pronounced and far-reaching. As such, it is critical that companies get a realistic picture of the inputs that they can expect from existing suppliers, and what can be sourced elsewhere in order to deliver according to production targets. Companies may be optimistic in their ability to deliver, so efforts to get a realistic picture will be paramount. Companies do not just face supplier fulfilment problems but the actual transport of goods may be even more heavily impacted.

Concurrently, companies must also provide realistic projections to their customers, and not over-promise. It is natural that companies want to reassure their customers, but over promising breeds distrust. There may be staff shortages, should staff still be under quarantine or recovering from any illness or family matters related to the disease.

Review operational risks and asset integrity

During any unplanned shutdown, there are risks that are inherent to startup; indeed, process safety incidents are five times more likely to occur during startup than during normal operations.³ To mitigate such risks, a full restart assessment should be done on all critical risks to ensure integrity of all assets and processes before restart. Policies and procedures should be updated and fully documented as well. Some of the assets were

likely not maintained according to schedule, so they should be fully checked in accordance with all lockout/tagout procedures, and any maintenance work completed before startup. Control processes that have been digitized should also be tested. Finally, a detailed pre-startup safety review should be completed.

Use the down time productively

As operations slow or come to a halt, there is an opportunity to harness home-bound staff to maximize the preparedness of your operations for the recovery stage. They can update procedures and training; review contractor planning and potentially onboard new contractors for the surge of work during startup; create startup checklists; conduct people planning, and how to staff the scale-up of operations. It is also an ideal time to build skills among the workforce on how to better manage and mitigate operational risk by deploying virtual training or relevant eLearning modules.

Focus on external communication

If the virus has impacted your company – be it an impacted employee, confirmed transmission in the workplace, an imposed quarantine or even a perception that the company has not done enough – there may be some reputational damage. As such, proactive measures to reassure all customers, stakeholders, community members and the general public should be deployed. External audiences want to know what happened, what mitigation efforts were put in place and how the company can ensure that they will be able to deliver in line with expectations. By showing that the company is “open for business”, it reassures employees, communities and investors, thus contributing to improvement of the wider economic outlook.

² <https://www.bloomberg.com/news/articles/2020-02-06/how-the-coronavirus-could-impact-global-business>

³ <https://www.safetyandhealthmagazine.com/articles/17291-csb-spotlights-process-unit-startups-shutdowns-in-new-safety-digest>



Conclusion

While many companies believe that they are prepared to respond to a business disruption, sufficient time is not placed on recovery. And this is even more prevalent for coronavirus because response blends into recovery. It's never too early to begin planning for recovery. The actions recommended in this paper should be an extension of response efforts, rather than a new or separate initiative. While it may be the same team executing the work,

recovery efforts are distinct from response efforts. During the response phase, the goal is to limit the impact on your people and operations. In the recovery phase, the focus is on resuming critical business functions quickly and minimizing loss of customers. It is critical that companies place ample focus on recovery planning and turn risk into opportunity by being prepared and proactive.

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